The State of Missouri

FY2013

Consolidated Plan

ACTION PLAN

Prepared by:

The Missouri Department of Economic Development
in Coordination with

The Missouri Housing Development Commission
The Missouri Department of Social Services
The Missouri Department of Health & Senior Services

April 2013

Annual Action Plan

Annual Goals and Objectives

Goal 1: Affordable Housing for Low-Income Households

Description: In the year 2009, there were 141,040 renter households in Missouri who paid more than 50% of their gross income for rent and utilities. Obviously, if a family must pay more than half of all of its income for their housing costs alone, this does not allow for much spending on other basic necessities such as food, clothing, health care, education, transportation, and it has an extremely negative impact on their overall quality of life. In addition, nearly two-fifths of all renter households in Missouri, or 272,155 households pay more than 30% of their gross income for their housing costs.

The bulk of the state's housing resources come from MHDC, the state's housing finance agency. MHDC annually issues a "Notice of Funding Availability" for the Rental Housing Production and Preservation Program which provides low-interest financing to non-profit and private developers of affordable rental housing in Missouri. These funds are used in conjunction with federal and state low-income housing tax credits to create the majority of affordable rental housing in the state. When reviewing proposals for financing and tax credits, MHDC gives priority to those proposals that serve the lowest income tenants and projects that serve qualified tenants for the largest periods of time. Proposals must also meet a demonstrated need for housing in a given community. More specific information on evaluation factors and selection criteria can be found in the MHDC Low-Income Tax Credit 2013 QAP.

Category: Affordable Housing

Start Year: 2013

End Year: 2013

Outcome: Affordability

Objective: Provide decent affordable housing

Geographic Areas Available: statewide

Priority Needs Addressed: Affordable Housing for Low-Income Households

Funding Allocated: $13.6 million in HOME Funds

Goal Outcome Indicator:

- Rental Units Constructed - 1,720 Household Housing Units
- Rental Units rehabilitated - 1032 Household Housing Units
- Homelessness Prevention - 450 Persons Assisted
- Jobs created/retained - 184 Jobs
- Housing for Homeless Added - 180 Household Housing Units

Goal 2: Preservation of Affordable Housing for Low-Income Persons and Families

Description: As the affordable housing stock continues to age, more emphasis must be given to the rehabilitation and preservation of affordable housing for low-income persons and families. According to 2010 Census Data, 1,161,693 or 43% of all housing structures in Missouri were built before 1970. Much of this affordable housing stock is showing signs of aging and in need of substantial rehabilitation. Substandard housing is a concern for many households in the state: Census Data indicates there are 8,400 housing units in Missouri that meet the Census Bureau's definition of substandard housing. However, there are many additional units which have serious deficiencies in their electrical or plumbing systems; lack safe or adequate heating systems; or have other major structural deficiencies and are in need of substantial rehabilitation.

MHDC is placing an emphasis on the preservation of affordable housing for low-income persons and families. MHDC will use HOME and MHDC Rental Housing Production and Preservation Programs and federal and state low-income housing tax credits to provide financing equity for non-profit and private developers who propose to rehabilitate and preserve older affordable rental housing developments. Additionally, the Department of Economic Development and MHDC will provide financing and tax credits for the rehabilitation of many additional units of affordable rental housing using tax-exempt bond financing and 4% Low-Income Housing Tax Credits.

MHDC has established a HOME Repair Program for qualified non-profit agencies for the purpose of home repair, weatherization, accessibility improvements and lead abatement in owner-occupied homes. This program is available to non-profit agencies that undertake the eligible activities on behalf of low and moderate-income families in non-metropolitan statistical areas. Eligible homeowners must have incomes that do not exceed 80% of the area median income. Eligible homeowners may receive assistance in an amount not to exceed $22,500 per home.

Category: Affordable Housing

Start Year: 2013

End Year: 2013

Outcome: Affordability

Objective: Provide decent affordable housing

Geographic Areas Available: Statewide

Priority Needs Addressed: Affordability

Funding Allocated: $13.6M in HOME Funds * 50% = **$6,800,000**

Goal Outcome Indicator:

- Rental Units rehabilitated – 1,032 Household Housing Units
- Homelessness Prevention - 235 Persons Assisted
- Jobs created/retained - 184 Jobs
- Housing for Homeless Added - 90 Household Housing Unit

Goal 3: Affordable Housing for the Elderly

Description: The State of Missouri, county, and city government officials, non-profit, and faith-based organizations and private sector must all begin to prepare now for a potential crisis in housing and related seniors in the very near future. Missouri's senior population age 65 and older is projected to increase from about 13.9% of the state's population in 2010 to 15.2% in 2015 and it may reach more than 19% in 2025. This dramatic increase in the number of seniors will undoubtedly have a profound and far-reaching impact on the supply, demand, and availability and cost of housing and related services for seniors. According to the American Community Survey data, there are 23,185 senior households with severe cost burdens (paying more than 50% of their income for their housing costs) in 2009. These seniors must make difficult choices between paying their housing and utility costs and other basic necessities such as food, medicine, healthcare, and transportation. This is a stark reality that too many seniors must confront every day in Missouri; MHDC needs to take immediate action to provide more accessible and affordable housing for seniors as well as the necessary integrated and coordinated social services to help seniors successfully age in place.

MHDC, as the state's housing finance agency, has the ability to have a impact on the number of units of senior housing that is built in the state each year. It administers a great deal of the funding available for the new construction or rehabilitation of affordable rental housing in Missouri. MHDC administers programs such as the Federal and State Low-Income Housing Tax Credit (LIHTC) Program, MHDC Fund Balance and HOME Rental Housing Production Programs, Affordable Housing Assistance Tax Credit (AHAP) Program, Home Repair Opportunity (HeRO) Program, and the Missouri Housing

Trust Fund (MHTF) Program. About two-fifths of the approved affordable rental housing developments financed or assisted by MHDC with its primary rental housing production programs in recent years has been designated as housing for senior citizens aged 55 or older.

Additionally, MHDC has emphasized to developers and builders the need to utilize Universal Design standards as part of its ongoing rental production programs, single-family homes, and duplexes built as part of MHDC programs.

Category: Affordable Housing

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility

Objective: Create Suitable Living Environments

Geographic Areas Available: statewide

Priority Needs Addressed: Affordable Housing for the Elderly

Funding Allocated: $13.6M in HOME Funds * 46% = **$6,256,000**

Goal Outcome Indicator:

- Rental Units Constructed - 688 Household Housing Units
- Rental Units rehabilitated - 412 Household Housing Units
- Jobs created/retained - 184 Jobs

Goal 4: Continuum of Care (CoC)

Description: The Continuum of Care was instituted in 1994 as a process for obtaining Supportive Housing, Shelter Plus Care, and Single Room Occupancy Mod Rehab dollars.

Category: Homeless

Start Year: 2013

End Year: 2013

Outcome: Accessibility/Availability

Objective: Provide Decent Affordable Housing

Geographic Area Available: Balance of State Homelessness

Priority Needs Addressed: Coordinate Homeless Services throughout the State of Missouri
Funding Allocated: **$6.84 million** in CoC Funds

Goal Outcome Inciator:

- Overnight/Emergency Shelter/Transitional Housing Beds Added – 50 Beds

Goal 5: Emergency Solutions Grant (ESG)

Description: The ESG Program is designed to identify sheltered and unsheltered homeless individuals and families, as well as those at risk of homelessness, and provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing homelessness or a housing crisis.

Category: Homeless

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility

Objective: Create Suitable Living Environments

Geographic Areas Included: Statewide housing

Priority Needs Addressed: Provide Services to Sheltered and Unsheltered Homeless Individuals and Families

Funding Allocated: **$2.6 million** in ESG Funds

Goal Outcome Indicator:

- Tenant-based rental assistance/Rapid rehousing – 500 Households Assisted
- Homelessness Prevention – 2,000 Persons Assisted

Goal 6: Special Needs Housing

Description: Special Needs Housing is defined in MHDC's Qualified Allocation Plan and is currently a 33% priority.

Category: Affordable Housing; homeless; Non-Homeless Special Needs

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility

Objective: Create Suitable Living Environments

Geographic Areas Included: Statewide Housing

Priority Needs Addressed: Special Needs Housing

Funding Allocated: 33% of HOME Funds = **$4,488,000**

Goal Outcome Indicator:

- Rental Constructed Units – 90 Household Housing Units
- Rental Units Rehabilitated – 90 Household Housing Units

Goal 7: HOPWA

Description: One year goals for the number of households to be provided housing through the use of HOPWA.

Category: Affordable Housing; homeless; Non-Homeless Special Needs

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility

Objective: Create Suitable Living Environments

Geographic Areas Included: Statewide Housing

Priority Needs Addressed: Special Needs Housing

Funding Allocated: **$501,756**

Goal Outcome Indicator:

- Short-term rent, mortgage, and utility assistance payments for 110 households
- Tenant-based rental assistance for 125 households
- Total: 235 households

Goal 8: Job Training/Creation

Description: Increase the number of people provided with new or improved availability/accessibility of economic opportunity through job creation, retention and business infrastructure assistance to for-profit companies.

Category: Non-housing community development

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility

Objective: Create economic opportunity

Geographic Areas Included: Statewide, non-entitled

Priority Needs Addressed: Economic Development

Funding Allocated: **$10,000,000**

Goal Outcome Indicator:

- Number of Jobs Created or Retained: 500

Goal 9: Public Infrastructure & Improvement

Description: Increase the number of people with new or improved accessibility, availability, or quality of suitable living environments through construction/rehabilitation of public facilities to benefit areas with an LMI percentage of 51% or higher.

Category: Non-housing community development

Start Year: 2013

End Year: 2013

Outcome: Availability/Accessibility/Suitable Living Environment

Objective: Create a Suitable Living Environment

Geographic Areas Included: Statewide, non-entitled

Priority Needs Addressed: Public Improvements and Infrastructure

Funding Allocated: $7,050,000

Goal Outcome Indicator:

- Number of people served with Public Infrastructure & Improvement activities other than Low to Moderate Housing benefit: 15,000

Goal 10: Public Facilities

Description: Increase the number of people provided with new or improved sustainability of suitable living environments through slum and blight reduction, emergency assistance and other rehabilitation of existing public facilities in LMI areas.

Category: Non-housing community development

Start Year: 2013

End Year: 2017

Outcome: Availability/Accessibility/Suitable Living Environment

Objective: Create a Suitable Living Environment

Geographic Areas Included: Statewide, non-entitled

Priority Needs Addressed: Public Facilities

Funding Allocated: **$2,250,000**

Goal Outcome Indicator:

- Number of people served with Public Facilities activities other than Low to Moderate Housing benefit: 50,000
- Number of blighted structures demolished: 30

Method of Distribution

Introduction

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the Missouri Housing Trust Fund and the Emergency Solutions Grant. As such, annual allocations are made in accordance with the Qualified Allocation Plan. The programs outlined below represent MHDC's

goals for the next year in terms of production, preservation, homeless prevention and housing assistance.

The Department of Economic Development's use of CDBG is based almost entirely on local need, which is demonstrated to the Department via an application process, which is described below. Local need, capacity, past performance and ability to leverage other funding all factor into the evaluation process for CDBG, on top of the basic CDBG thresholds of national objective and eligibility.

Distribution Methods – HOME

Currently MHDC uses its HOME Funds in two ways: multi-family rental production and rehabilitation and homeowner rehabilitation.

The multi-family HOME allocation is part of MHDC's larger rental production and rehabilitation application process, and its annual HOME allocation is used to finance rental production at a very low interest rate. Rental applications are reviewed according to primary and secondary thresholds, selection criteria as described in the Qualified Allocation Plan, and the geographic priority. Currently, MHDC attempts to utilize 33% of LIHTC's in the St. Louis region, 19% in the Kansas City region, and the remaining 48% in the "Out State Region." Finally, MHDC allocates a minimum of 15% of its HOME allocation to Community Housing Development Organizations (CHDO).

The homeowner rehabilitation program – HeRO – has its own application process. MHDC will award HeRO funds based on a statewide competition. All applications will be reviewed and compared based on the items described in the application, and each item will be reviewed and a score determined at MHDC's sole and absolute discretion will be assigned. Once scores are calculated, the applications shall be ranked in order of the highest score to the lowest score and funding will be based upon such ranking. HeRO funds are exclusively used in non-metropolitan areas or areas that have been declared as a disaster area.

Application Selection Criteria

For the rental production and rehabilitation program, applications will be evaluated using Section 42 requirements:

- Those serving lowest income tenants,
- Those serving qualified tenants for the longest period, and
- Projects located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan.

Additionally, MHDC will give preference among selected projects to:

- Project location,
- Housing needs characteristics,
- Project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan,
- Projects intended for eventual tenant ownership,
- Tenant populations with special housing needs
- Sponsor characteristics,
- Tenant populations of individuals with children,
- Public housing waiting lists,
- Energy efficiency, and
- Historic character

The HeRO program will evaluate applications based primarily on the written policies and procedures documenting the organization's intended implementation which includes, among other things: requirements for household participation, household application process, intended rehabilitation activities, lead hazard reduction requirements, the marketing plan, rehabilitation standards, appraisal process, and contractor participation qualifications.

Resource Allocation among Funding Categories

MHDC currently intends to allocate 15 – 20% of the yearly state allocation to the homeowner rehabilitation program, 10% for administrative purposes, and the remaining amount to the rental production and rehabilitation program. The new HOME rule and FY2012 HOME Appropriation Requirements may affect Missouri's ability to continue the homeowner rehabilitation program, but MHDC will make every attempt to continue this vital program.

Threshold factors and grant size limits

Currently there is no grant/loan size limit for the rental production and rehabilitation program, but MHDC utilizes its HOME funds as gap-financing for larger developments. Ideally, MHDC would like its individual HOME fund allocations to be a small but important part of these developments. The exception is with the CHDO developments; because these projects are often much smaller than a private developer's, HOME is often the only funding source.

The homeowner rehabilitation program also does not have a grant limit for the sub-grantees, but MHDC works to stretch these funds as far as possible across the state, so

we grant based on the quality of applications/applicants and the number of applications submitted. Currently there is a $20,000 to $22,500 limit on improvements made to homes depending on the community.

Expected outcome measures as a result of the method of distribution

Based on current funding levels, MHDC expects to develop eighty-four rental units and rehabilitate eighty-six owner occupied homes.

Distribution Methods – ESG

ESG is distributed based on an annual allocation plan that is approved by Department of Social Services and MHDC.

Application Selection Criteria

Individual scores by program may be assessed for: completeness of the application, extent to which the applicant demonstrates an understanding of the new HEARTH Act regulations, past performance, strength of program design, implementation strategy, unmet need, data used to describe need, procurement of outside resources, organizational experience, financial reporting, extent to which program serves 100% homeless persons, collaboration with local plans, extent to which project meets priorities in Continuum of Care plan, match funds available, amount of funds requested, and measureable performance goals and objectives.

Process for awarding ESF funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations

MHDC will make the ESG funds available to local government first, if the local government is not interested in the funds, the funds will be made available to non-profit organizations and community and faith based organizations. MHDC will conduct an annual training and will be available for any application questions. Once the applications are received, MHDC will score each application based on the criteria listed above and will make recommendations to the MHDC Commissioners and Department of Social Services each year. The recommendations will also be based on the state Allocation Plan approved annually for ESG funds.

Resource Allocation among Funding Categories

Missouri state ESG resources will be allocated at the 60% maximum limit for shelter operations and street outreach and 40% for homelessness prevention and rapid re-

housing under HEARTH. Until the funding amounts are reviewed or revised by the ESG Advisory Committee and ultimately the Missouri Housing Development Commission and Department of Social Services, the substantial amendment submitted for the second allocation of 2011 funds will be followed allocating 50% of funds to homelessness prevention and 50% of funds to rapid re-housing.

Threshold Factors and Grant Size Limits

City/County sub-grantees are limited to apply for up to $150,000. Direct non-profit applicants may apply for up to $50,000. Entitlement areas who already receive funds from HUD are capped and this is reflected in the allocation plan that is approved by Department of Social Services and Missouri Housing Development Commission which uses the Continuum of Care boundaries.

Expected outcome measures as a result of the method of distribution

Due to the emphasis on performance, each ESG grantee will be held to the outcome and performance measurements established by the Continuum of Care they belong to as required by the HEARTH Act. The ESG Advisory Committee will work on establishing these measures for ESG by working with each Continuum of Care.

Distribution Methods – HOPWA

The Section for Disease Control and Environmental Epidemiology within the Missouri Department of Health and Senior Services (MDHSS) has provided Ryan White Part B funded services and access to care for Missourians with HIV disease since 1986. The grantee receives federal funds (CDC prevention funding, Ryan White Part B and HOPWA funding) and state general revenue funds to provide leadership and contractual efforts to maintain a system of case management, core medical services and support services throughout the state to persons living with HIV disease. Healthcare Strategic Initiatives (HSI) is the MDHSS fiscal intermediary agent providing direct payment for Ryan White Part B, HOPWA and ADAP services. This contractual agreement has been in place since 1994 and has a proven record of accuracy, efficiency, with timely and quality services. The HOPWA formula region is considered "Outstate" in Missouri, which are 114 counties total other than 7 counties in the Kansas City region and 6 counties in the St. Louis region. The major metropolitan areas, St. Louis and Kansas City, receive their own competitive HOPWA funding so collaboration with these programs is necessary to ensure no cross payments occur between grantees. The HOPWA program provides housing assistance to Missouri residents living with HIV/AIDS and their families in the non-metropolitan and extreme rural regions in Missouri who are enrolled in the Ryan

White Case Management program.

In Missouri, Ryan White HIV Medical Case Management is available to all HIV diagnosed individuals that are at or below 300% of the Federal Poverty Level. Ryan White Part B funded case managers perform all eligibility requirements for enrollment into the case management system of care. Part of the assessment process is to identify needs that are unmet for core services; payer sources, income, medications and supportive services that include housing assessments to identify clients with a housing need to prevent homelessness. Most clients who are enrolled in the Ryan White HIV Medical Case Management system enter at a level of no income, very low income or low income, and will be referred to programs to meet their identified unmet needs. If housing assistance is identified as an unmet need the required housing plan can be created while the client is present so it is a collaborative effort with actions steps for the client to achieve. The documentation process is entered through a client statewide electronic database that many other Ryan White service providers also use to collect client level data for core and support services. This enables the case manager to quickly and efficiently document all relevant information regarding the client for future reference to ensure the most accurate information is available in the system. For direct housing entities not using the statewide database clients are referred directly to the agency including but not limited; to Section 8, Shelter Plus Care, Emergency Shelter Grant, and other state and local resources.

The Case Management program also provides a Positive Start program to enroll HIV positive inmates to prepare them for release and access to care in Missouri. There are three Transitional Case Managers (TCM) strategically located in Missouri that can access the prison systems. The Positive Start Program is a time limited intensive case management service that assists state incarcerated PLWH/A to gain and maintain access to a range of medical, social, family, and support services to become self-sufficient upon their return to the community. The Positive Start Program consists of two phases. The two phases are Transitional Connections and Outside Connections. Transitional Connections begins six months prior to scheduled release and includes planning for access to HIV medical care, medication adherence counseling, consultation on healthy lifestyles, and prevention counseling. Outside Connections begins upon release and includes intensive medical case management for up to six-month post release. Resources will be identified to ensure access to medical care and support services to assist the ex-offenders. PLWH/A clients can be referred to medical or non-medical case managers after this six month post release period, if needed.

For any related housing needs other than HOPWA STRMU or TBRA, Ryan White funding is accessed as a leveraging source to ensure the availability of HOPWA funds for direct housing costs. The Ryan White assistance is identified in the same way through assessment and housing plans when the client meets with their HIV case manager and serves as a stop gap measure to ensure stabile housing for all clients. Having the same case manager serve the client for all of their HIV needs supports the continuum of care model Missouri has created.

The MDHSS collaborates with and provides technical assistance to community based organizations, medical and non-medical providers and other Ryan White funded programs. Of the clients currently enrolled, 89% are below 100% of the Federal Poverty Level. HOPWA provides tenant based rental assistance and short term rent, mortgage and utility assistance for a limited number of families who live in rural communities throughout the state of Missouri who have limited or no resources or are unable to qualify for other programs due to prior poor rental history or criminal background. The program also focuses on Short-term mortgage temporary assistance for homeowners experiencing immediate difficulty meeting their mortgage payment, which occurs when a working PLWH faces illness and resultant loss of employment income. The HOPWA program funding provides no supportive services, housing placement, Housing Development, Administration, or Management Services. The State of Missouri does not have any project sponsors.

Distribution Methods – CDBG

General Requirements

1) Eligible Applicants: The State will distribute an estimated $20,000,000 in FY2013 CDBG funds to "units of general local government" in non-entitlement areas (incorporated municipalities under 50,000 and counties under 200,000). Cities and counties in Missouri that are not eligible for these non-entitlement funds are: Blue Springs, Columbia, Florissant, Independence, Jefferson City, Joplin, Kansas City, O'Fallon, Springfield, St. Charles, St. Joseph, St. Peters, Lee's Summit, St. Louis (city), Jefferson County (and the cities within Jefferson County who have elected to participate in the Jefferson County entitlement program), and St. Louis County (and the cities within St. Louis County who have elected to participate in the St. Louis County entitlement program).

Eligible Activities: Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR

570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities:

1. Property Acquisition
2. Property Disposition
3. Property Clearance
4. Architectural Barrier Removal
5. Senior Center
6. Community Facilities
7. Centers for the Handicapped
8. Historic Properties
9. Water Treatment
10. Sanitary Sewer Collection
11. Storm Sewers
12. Flood and Drainage Facilities
13. Streets (or Roads)
14. Street Accessories
15. Parking Facilities
16. Bridges
17. Sidewalks
18. Pedestrian Malls
19. Recycling or Conversion Facilities
20. Parks and Recreation Facilities
21. Fire Protection/Facility Equipment
22. Solid Waste Disposal Facilities
23. Other Utilities
24. Public Service/Supportive Services
25. Rehabilitation of Private Residential Properties
26. Rehabilitation of Public Residential Properties
27. Payments for Loss of Rental Income
28. Relocation
29. Code Enforcement
30. Energy Use Strategy
31. Non-Federal Share Payment
32. Interim Assistance
33. Planning
34. Commercial or Industrial Facilities
35. Administration
36. Engineering/Design
37. Housing Rehab Inspection
38. Engineering/Construction Inspection
40. Audit
41. Port Facility
42. Airports
43. Natural Gas Lines
44. Electrical Distribution Lines
45. Rail Spurs
46. Security Lighting
47. Other Professional Services
48. Security Fencing
49. Site Preparation
50. Purchase Land/Building
51. Facility Construction Renovation
52. Machinery/Equipment
53. Working Capital
54. Sewage Treatment
55. LDC Homeownership Assistance – up to $15,000 to purchase a new home
56. Legal
57. 911 Emergency Systems
60. Homeowners Assistance – up to $5,000 to purchase an existing DSS home
61. Lead-Based Paint Evaluation
62. Asbestos Removal
63. Job Training*
64. Home-Ownership Counseling
65. Substantial Reconstruction of private residential properties on same lot – up to $15,000
66. Water Distribution
67. Lead Reduction NOT incidental to rehab
68. Asbestos Inspection

*Job training activities must be approved by the Division of Workforce Development or the Workforce Investment Board.

Ineligible Activities are as follows:

a) Maintenance or operation costs. **

b) General government expenses.

c) Political activities.

d) Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act.

e) Purchase of equipment, except for fire protection, public services, landfills, or recreation.

f) Income payments, except for loss of rental income due to displacement.

g) Application preparation costs or a bonus award for writing a successful application.

h) Religious purposes.

** Maintenance and Operation Costs: Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant’s professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

2) Application Submission: Only one application may be submitted in any individual category by a city or county on behalf of itself. A city may submit one other application for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. A county may submit two other applications for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. In all instances, the application must represent the applicant's community development or housing needs. An applicant (or sub-recipient) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries). Proof must be submitted with the application. As the grantee, the city or county has final responsibility for the project implementation and compliance. There is no limit on the number of applications that may be submitted for

economic development and emergency projects. The State reserves the right to place a limit on grants under its interim financing program. All applications must be submitted on forms prescribed by DED and in accordance with the guidelines issued for each program. While an applicant may be selected as a grantee, the final grant amount and scope of activities may be modified by DED.

3) Application Request Limits: The following are the minimum and maximum amount of funds an applicant may request per application:

Program	Minimum	Maximum
Water and Wastewater Eng. facility plan/plans & specs grants	$10,000 $5,000	$500,000 or $5,000/$7,500household (see water/wastewater section for details) **80% of amount equal to ASCE table, not to exceed $50,000**
Community Facility	$10,000	$250,000 or $5,000/household
Demolition	$10,000	$125,000 for residential demolition only $250,000 including commercial demolition
Microenterprise/Redevelopment RLF	$10,000	$150,000 or $15,000/job
Emergency	N/A	$500,000 or $5,000/household

NOTES RELEVANT TO PROGRAM CATEGORIES

- For economic development, the maximum CDBG funds allowed per project, combining the Industrial Infrastructure grant and Action Fund loan, may not exceed $2 million. The maximum CDBG funds (not including float loans) outstanding for any company (or related companies, including parent, subsidiaries, or ownership of 51% or more in a company), regardless of location in Missouri, may not exceed $3 million. The amount outstanding is based on the principal amount remaining for loans, or, for infrastructure grants, the original grant amount with a 10-year declining basis.

- Housing demolition only applications are limited to $125,000; if commercial demolition is included the maximum application is raised to $250,000. Commercial demolition only is also set at a maximum of $250,000. For commercial properties in the demolition application, the owner of the commercial property is responsible for 20% of the demolition costs for that property. All properties must be vacant and infeasible to rehabilitate.
- Engineering facility plan/plans and specs applications must meet LMI national objective and project must be listed on Missouri Department of Natural Resources Intended Use Plan or have a USDA Rural Development letter of conditions. An invitation to apply must be obtained from DED prior to submission of application.

Low and Moderate Income Requirements:

a) Low and moderate income (LMI) is defined for the CDBG program as 80% of the median income of the county. The most recent available HUD Section 8 income limits specified by county are applicable to the CDBG program.

b) At least 51% of the beneficiaries of a public facility/public project activity must be low and moderate-income (LMI) persons and families, and 100% of the beneficiaries of housing activities must be LMI. At least 51% of the hookups of a project funded under the water and wastewater category must also be residential. At least 51% of the beneficiaries of economic development projects must be low and moderate-income persons.

c) Emergency projects must meet the test of Section 104(b)(3) of the Act which states *"...activities which the grantee certifies are designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs..."*

d) Funding for certain projects may utilize the **limited clientele** criteria outlined in the regulation for meeting the required national objective criteria. Those persons defined as limited clientele are automatically considered to be primarily (51%) LMI. Further guidance can be found at 24 CFR 570.208 of September 6, 1988, and published state guidelines.

e) The estimated amount of CDBG funds which will benefit LMI persons is $15,510,000 or 92.5% of the non-administrative allocation for FY2012. HUD requires that a minimum of 70% of the state’s annual allocation be awarded on projects benefiting primarily LMI persons; however, Missouri has certified that it will meet the 70% LMI benefit requirement in aggregate over the three year period 2012 - 2014. The 2012 percentage

is derived by the following calculations:

Total Grant	**$20,000,000**
State Administration	- $500,000
State Technical Assistance	- $200,000
Estimated local administration	- $600,000
Total non-administrative funds	**$18,700,000**
Non-LMI Benefit	
Emergency - Urgent Threat	$500,000
Demolition - Slum/Blight	$750,000
Total non-LMI benefit	**$1,250,000**
LMI Benefit	
Total non-administrative funds	$18,700,000
Total non-LMI benefit	- $1,250,000
Total LMI benefit	**$17,450,000**
Total non-administrative funds	÷ $18,700,000
Percent total estimated LMI benefit	**93.3%**

4) Performance Requirements for Past Grantees:

a) Any grantee with a delinquent audit for any year, whether or not the grant is closed, is ineligible to apply for funding. This applies to all CDBG categories. The exception to this is for those counties that have delinquent audits, but are audited by the State Auditor's office. Also, a grantee with any **open** project awarded prior to March 15, 2011, which is not **closed** by March 15, 2013, is ineligible to apply in **any** FY2013 funding category. All documentation necessary for close-out must be received by March 1, 2013. This may apply to the grantee or the on behalf of applicant(s), whichever is applicable.

b) CDBG grant agreements will have a specified end date; this end date will be three years from the award date of the grant. If the grant is not completed by the end of the three year period, the grantee must:

i. deobligate any remaining funds, or

ii. request a one year extension from DED. This extension must be for cause, and documentation as to why the project was not completed within the required three year period must accompany the request. **Extensions are not automatic**. DED will grant no more than two one-year extensions to a project.

5) In addition, a grant applicant with a current project which has an outstanding monitoring finding made prior to February 1, 2013 and notified of by February 15, 2013 and which is unresolved at the time of application deadline, will have a five-point deduction made in the scoring of the application. Additional points may be deducted for missing application forms or other required application steps. Certain applications deficiencies may result in ineligibility. A list of all potential deficiencies, resulting in point deductions or ineligibility, will be provided as part of the application.

6) <u>Contingent Funding</u>: If an applicant proposes other state, federal, local, or private funds, or any other contingency item, **which are unconfirmed at the time of application**, they will be ineligible for FY2013 funds, except for otherwise specifically categories. The only other exceptions are bond elections, tax credit donations, and where referenced in the categories in the application. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration.

7) <u>Affordable Rents:</u> The state must provide criteria for *affordable rents* according to CFR 570.208(a)(3) as published September 6, 1988. The state will use HUD's Section 8 assisted Housing Program Fair Market Rents for this purpose.

8) <u>First-time Homebuyer</u>: The term first-time homebuyer means an individual or an individual and her or his spouse who have not owned a home during the prior 3-year period. A first-time homebuyer may purchase a home with CDBG downpayment assistance, except that:

   a) Any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while a homemaker, owned a home with her or his spouse or resided in a home owned by the spouse;

   b) Any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while married, owned a home with her or his spouse or resided in a home owned by the spouse; and

   c) An individual shall not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is –

      i. not on a permanent foundation in accordance with local or other applicable regulations, or

ii. not in compliance with state, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure, or

iii. a mobile home, not attached to a permanent foundation, and which is not considered real estate by the state.

The household may not own another residence even if that residence is rented.

In addition, recovering victims of catastrophic loss (e.g., the death of the family's principal wage earner, a failed self-employment business situation, loss of employment due to factory shutdown or an employer's reduction in force), victims of domestic violence that are legally separated from their spouses, and households who have purchased a home on a contractual basis but would otherwise qualify are also eligible as first-time homebuyers.

9) Displacement Policy: The state will discourage applicants from proposing displacement, unless a feasible alternative exists. Alternatives will be reviewed for feasibility, and technical assistance will be provided to applicants in order to minimize displacement. If displacement must occur, assistance under one of the following will be provided, depending upon the circumstances: the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended; Section 104(d), Section 104(k), or 105(a)(11) of the Housing and Community Development Act, as amended.

10) Program Income: Program income is the gross income received by a grantee or its sub-recipient from any grant-supported activity.

a) Program income includes, but is not limited to:

i. Income from fees for services performed;

ii. Proceeds from the sale of commodities or items fabricated under a grant agreement;

iii. Income from the sale or rental of real or personal properties acquired with grant funds;

iv. Payments of principal and interest on loans made with grant funds, including payback on deferred loans.

b) If interest is earned on grant funds for any calendar year, the interest must be returned to the U.S. Treasury through DED.

c) Uses of program income:

i. Program income shall be used prior to draw down of additional active grant funds unless a reuse plan has been approved prohibiting same;

ii. Used in accordance with requirements of Title I of the Housing and Community Development Act;

iii. If generated by activities other than economic development loans, the expenditure shall be used for block grant eligible activities as approved by the state; and

iv. Program income generated by economic development loans shall be returned to the state.

d) Local governments shall report the receipt and expenditure of program income to the Department of Economic Development as of June 30 and as of December 31 of each year, within fifteen days after each date.

11) Professional Services: An applicant has the option to select their engineer, architect, or administrator for their CDBG project prior to the preparation of an application or after a grant is awarded. They must, however, comply with state established procedures in their procurement practices if CDBG funds are to be used to finance such services. If the services are engineering or architectural, an applicant must comply with RSMo 8.285-8.292, unless a similar policy has been enacted by the applicant. If CDBG funds will be used for such professional services, there will be a maximum cost based on prescribed standards as follows:

a) Engineering Design – standards set by ASCE Manual #45, pages 37 to 42. Engineering costs calculated per Table A or B (from this manual) should depend on the complexity of the project.

b) Architectural Design – 10% of construction costs.

c) Construction Inspection – 75% of the cost of engineering design (a) or architectural design (b).

d) Administration - 3% of the non-administrative CDBG project costs plus $10,000 (water/wastewater, community facility, demolition); 3% of the non-administrative CDBG project costs plus $10,000 (economic development industrial infrastructure); 3% of the non-administrative CDBG project costs plus $4,000 (emergency); 3% plus $5,000 (microenterprise). There are no administration funds offered from CDBG for engineering plans and specification or planning projects. These amounts represent the maximum amounts available for CDBG projects. The state reserves the right to apply less money to a project of low complexity. It is not DED policy to include administration funding on loan projects (Action Fund, Speculative Building, Interim Financing). Administrative costs related to loan projects are generally a local responsibility.

e) Audit – as required.

f) Other Professional Services – negotiated.

g) Demolition inspection – $425/unit

Note: One firm or any principal or employee thereof cannot perform both engineering and administrative services on the same grant, regardless of source of payment. Professional services amounts will be based upon and approved for CDBG activities only.

The final rule of the new federal procurement regulations appeared in the April 19, 1995, Federal Register. This Public Law 103-355 replaces OMB-102, 24 CFR Part 85.36, and the common rule regarding procurement. If a state does not wish to adopt PL 103-355, which raises the maximum for small purchases bidding for goods or services from $25,000 to $100,000, it must formally adopt statewide standards or use specific rules under the CDBG program. For FY2011, the requirements of PL 103-355 apply to the CDBG program, **except** the threshold requirements for small purchases shall remain at $25,000.

12) Timely expenditure of funds. HUD measures the:

- Obligation rate of funds (95% @ 12 months and 100% @ 15 months) and,
- Expenditure rate of funds (a percentage of the amount of funds available in the line of credit as compared to the total annual award amount; not to exceed 2.0-2.5)

The State achieves the required obligation ratios. However, the State does not always achieve the targeted expenditure rate of 2.0-2.5 measured at each month-end. It is imperative that recipient communities draw and spend the funds in a responsible time period. This requires close attention to project management.

13) Department of Economic Development direction, outcomes, and desired uses of funds:

- Priority for CDBG will be those projects making an economic impact to the community: increased jobs, increased private investment, and/or increased local revenue streams;
- Flexible, eligible uses of CDBG funds to meet the demands of the difficult and changing economic climate are important. The public is encouraged to suggest program opportunities consistent with the priorities listed above, and the Department may enlist them as amendments to this plan.

CDBG FUNDS DISTRIBUTION

14) Distribution Among Categories: The estimated amount of CDBG funds the state will receive from the Department of Housing and Urban Development for FY2013 is $20,000,000.

Category	Allocation	Percentage
Water and Wastewater	$7,050,000	35%
Community Facility	$1,000,000	5%
Demolition	$750,000	4%
Emergency	$500,000	2%
Economic Development	$10,000,000	50%
State Administration	$500,000	2%
State Technical Assistance	$200,000	1%
TOTAL	$20,000,000	100%

a) Categorical Adjustment - The Department of Economic Development retains the ability to transfer up to 25% of the total CDBG allocation for use as needed among categories. An adjustment of more than 25% of the total allocation, or the creation/elimination of a category will require a substantial amendment of this plan. The amount for state administration may not exceed $100,000 plus 2% of the total allocation. The Department reserves the right to allocate up to 1% of the total annual amount for technical assistance activities in accordance with the Department Housing and Urban Development regulations. In FY13, the State may use up to $4 million recaptured or otherwise reallocated from a previous fiscal year CDBG state allocation for water or wastewater projects in partnership with the Department of Natural Resources. This $4 million is in excess of the FY13 water/wastewater setaside.

b) Other Funds Distribution - Funds recaptured or otherwise reallocated from a previous fiscal year CDBG, state and HUD allocation may be allocated to any program category as determined by the Department. Program income recaptured by the state will be first distributed to the economic development category (as needed) and then to other categories as needed, and the program income received from interim financing projects shall be used to honor previous funding commitments. The state may use up to 2% of all program income for state administration.

c) The maximum amount of FY2013 funds that will be awarded for Interim Financing projects will be $10,000,000 for 12, 18, and 24-month loans. The Department may

extend the individual term of any interim financing loan beyond the agreed upon period subsequent to the Department's written determination and justification of the need for and feasibility of such an extension. The total amounts of CDBG funds committed to interim financing projects will not exceed $12,000,000, in aggregate (including past years' allocations), regardless of any extensions of the loan term.

d) In the event the amount received from HUD is different from the amount identified in this document, the difference will be reflected as closely as feasible to the percentages above.

15) **Selection Criteria by Category:** The criteria used to select the projects in the various CDBG programs are presented below. Detailed guidance is provided in application materials developed for each program.

Water and Wastewater – Construction funds

Cycle – Open cycle based on availability of funding. Maximum award $500,000 or $5,000 per family benefitting, whichever is less. At Department discretion, for communities with fewer than 100 families benefitting, the maximum grant is $500,000 or $7,500 per family benefitting, whichever is less.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities - Water and wastewater activities only, including treatment, distribution, and collection. Normal operation and maintenance activities are not eligible. Projects must benefit 51% or more residential units.

Application Procedure - Applicants anticipating the use of state and/or federal funds to finance water or wastewater system improvements must complete a preliminary project proposal, consisting of a two-page summary and preliminary engineering report. Each project proposal will be reviewed by the Missouri Water and Wastewater Review Committee (MWWRC). The MWWRC is comprised of the Missouri Department of Economic Development (Community Development Block Grant Program), Missouri Department of Natural Resources (State Revolving Fund), and the U.S. Department of Agriculture (Rural Development). The MWWRC review process will occur as follows:

a) An original and five copies **(six total)** of the project proposal are submitted to one of the MWWRC agencies.

b) Upon receipt, the receiving agency distributes the project proposal to the remainder of the MWWRC members.

c) The committee meets monthly. Proposals received by the first of the month will be reviewed during that month's meeting.

d) Following its review, the MWWRC will reply to the applicant by written correspondence. This correspondence shall include a summary of the MWWRC comments pertinent to the technical, operational, or financial aspect of the project proposal. Substantive comments by the MWWRC must be resolved prior to receiving a recommendation from the MWWRC. A recommendation from the MWWRC will state the appropriate agency or multiple agencies from which to seek financial assistance. However, a recommendation from the MWWRC does not assure funding from each appropriate agency. Each agency on the MWWRC will receive a copy of all correspondence stated above.

e) Each funding agency will follow its own full application process. Applicants seeking funding from multiple agencies must submit a full application to each particular agency.

f) If a full application varies significantly from the recommended project proposal, or if the facts have changed such that the feasibility of the proposed warrants further investigation, any member of the MWWRC may request that the project be reviewed again.

g) Assistance will be recommended only to the extent necessary to complete project activities over and above local efforts, and for solutions considered appropriate and feasible by the MWWRC.

If a project proposal receives a recommendation from the MWWRC, a full CDBG application is required for submission. The following selection criteria will be used in reviewing the full application.

Selection Criteria – Applications scoring a minimum of 65 points will receive a recommendation for award.

The primary project review for water or wastewater is the MWWRC process, and consists of interagency financial and technical review by finance staff and engineers. Successful completion of the MWWRC process results in an award of 50 points to an application. CDBG staff will continue to evaluate the applications for completeness and missing documents.

16) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure.

17) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

18) *Past (CDBG) performance (5 points)*

CDBG priorities for water and wastewater are defined as:

- <u>Lack of existing needed facility</u> (Tier 1 Priority): Needed facility represents elimination of a threat and safety and at the same time is offered to a community that has the TMF capacity to own it.
- <u>System Failure</u> (Tier 1 Priority): Not related to poor operation and maintenance; failure proven to the degree of documentation – DNR support.
- <u>Obsolescence of an existing facility</u> – not defined as "design life" (Tier 2 Priority): Asbestos pipe, lead, radionuclides
- <u>Regulatory requirements which mandate improvements</u> (Tier 2 Priority): Differentiate between abatement orders versus abatement due to poor operation and maintenance.
- <u>Natural or manmade disaster</u> (Tier 2 Priority): Defining manmade to include pollution or contamination, not poor operation and maintenance.
- <u>Improper design of existing facility</u> (Tier 3 Priority): Definition must include what it is causing.
- <u>Significant and unexpected growth</u> (Tier 3 Priority): Economic development driven, regionalization, and government driven.
- <u>Comprehensive, strategic, or capital improvement plan</u> (Tier 3 Priority)
- <u>Inherent social/economic factors</u> (Tier 3 Priority): Unemployment, age, LMI.
- <u>Potential or anticipated growth</u> (Tier 4 Priority)
- <u>Improper maintenance</u> (Tier 4 Priority)

Pre-agreement costs – DED encourages the earliest possible completion of the CDBG environmental review for water/wastewater projects. To facilitate this early completion, DED will reimburse reasonable costs of conducting and completing the CDBG environmental review that are incurred prior to application approval. To be eligible, the CDBG environmental review services must be procured and contracted in accordance with CDBG requirements. As this will be done prior to the approval of the application, cost reimbursement will not occur until after the project is awarded. If, for any reason, the project is not awarded CDBG funds, the applicant will be responsible for those costs.

MWWRC proposals that include CDBG will be encouraged to commence the CDBG environmental review at the time of the initial response letter from the MWWRC and will not receive an invitation to apply until the Environmental Review is substantially complete.

Water and Wastewater – Engineering facility plan/plans and specs grants

Cycle - Open cycle based upon availability of funds. Maximum $50,000 or 80% of the ASCE table. **If an applicant is awarded a plans/specs CDBG grant and also a later grant for project construction, the maximum aggregate CDBG total is $500,000. The amount of the plans/specs grant will be deducted from the maximum allowable on the project construction grant.**

National Objective - Minimum 51% LMI for community wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible activities – Allows for procurement of a professional engineer to complete the facility plan and plans and specifications necessary for progress in the State Revolving Loan Fund Intended Use Plan process to access loan funds, or must have a Letter of Conditions (LOC) from USDA-Rural Development. Applicants must be on the IUP or have the LOC from USDA and must demonstrate an inability to finance the engineering. Eligible costs include engineering costs only, no administration.

Selection Criteria –

19) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure

20) *Local Effort (30 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-10 pts – TMF and in-kind

Priorities for all Water/Wastewater Projects: Projects that have achieved a responsible level of local participation by pursuing their debt capacity; projects that have initiated a responsible rate structure that provide adequately for operation and maintenance, employee overhead, debt service, reserve, and emergency funding; projects that represent a solid history of operation and maintenance; projects that can indicate the use of CDBG funds will provide rate affordability; projects that meet threats to health and safety.

Community Facility

Cycle – Application deadline – June 15, 2013. Competitive process. Maximum $250,000 or $5,000 per family benefitting.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data, survey conducted in accordance with prescribed standards, or Limited Clientele if criteria met.

Eligible Activities – Senior center, day care center, community center, youth center, telecommunications, emergency 911, health center and all eligible activities designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility as well.

Selection Criteria –

21) *Need (35 points)*

0-07 pts – Health and Safety

0-07 pts – Education

0-07 pts – Lack of Existing Facility

0-06 pts – Number of Potential Users

0-04 pts – Economic Impact

0-04 pts – Measurable Outcomes or Goals

22) *Impact (35 points)*

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

23) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

24) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Demolition (Residential/Commercial)

Cycle – Application deadline – May 15, 2013. Competitive process. Maximum $125,000 for residential demolition; $250,000 if commercial demolition is included. The maximum for commercial demolition (without residential) is also $250,000.

National Objective – slum/blight removal (spot basis).

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to health, safety, and public welfare.

Communities participating in this activity must, at a minimum, determine blighted structures by declaring the use of an existing dangerous building ordinance, building code level of violation or applicable occupancy or habitability designation and applying such ordinance, code violation, or designation in a manner consistent with the definition. The ordinance, code violation or designation must be applied to the specific structure, not to the area as a whole. The predominance of blight in an area does not allow blight to be assumed for each structure inside the area.

Eligible activities – Demolition, demolition inspection, asbestos inspection, asbestos removal, administration.

Threshold Criteria - The Section 106 review (with SHPO) must be completed prior to application submission.

Selection criteria:

1) **Need and Impact (45 points)**

0-20 pts – Number of units proposed compared to total dilapidated units, both occupied and vacant (2D/D+DX)

0-20 pts – Number of units proposed compared to the total number of vacant dilapidated units (2D/DX)

0-05 pts – Number of units proposed for demolition as a percent of total vacant units (2D/total X)

2) **Community Assets/Efforts (10 points)**

0-04 pts – Past clean up activities by community

0-02 pts – Community organizational participation in this project

0-04 pts – Applicant's future actions to control property maintenance and unsafe structures long term plan

3) **Leveraging (15 points)**

0-15pts – Document $1,000 cash or in-kind match for each unit proposed for demolition

Commercial property owners must commit 20% of the demolition costs of their structure in writing as a cash commitment

4) **Strategy (30 points)**

0-10 pts – Interest of applicant and property owners; code enforcement

0-05 pts – Demolition need vs. other strategies; overall strategy

0-10 pts – Project readiness; ready to start/capacity to complete

0-05 pts – Size/cost/hazardous waste (especially asbestos) identified; cost effectiveness

Emergency

Cycle – Open cycle based on availability of funding.

Minimum criteria (other than items previously mentioned in this document) - The need must be a serious threat to health or safety, be immediate, have developed or greatly intensified within the past 18 months, and be unique in relation to the problem not existing in all other communities within the state. Natural disasters are allowable under this program. Also, the applicant must lack the resources to finance the project. Only the **emergency** portion of a project will receive assistance. The applicant must exhaust its resources before CDBG funds may be used.

Economic Development

Cycle – Open cycle based on availability of funding. Approval is based on compliance with eligibility criteria and availability of funds. The minimum eligibility criteria stated below will vary on different types of businesses based on the projected economic impact, such as proposed wages, spin-off benefits, and projected industry growth. The specific eligibility criteria for each type of business will be stated in the program guidelines. When multiple CDBG funding tools are used for a project, CDBG funding from all programs is limited to $25,000 per job.

Economic Development Infrastructure - Grants for the improvement of public infrastructure, which cause the creation or retention of full-time permanent employment by a private company(s) benefiting from the infrastructure. Funding is limited to $20,000 per job to be created, and a maximum grant of $2 million. In addition, an assisted company must pledge and document private investment of no less than 25% of the CDBG funds awarded for the project.

The Department has targeted a 20% match by the community based upon the availability of unencumbered city or county funds. This match may be achieved by, but not limited to, tax abatement, discounted utility fees, cash, or in-kind or any combination thereof. If the community is a distressed area, as defined by the Department, the match requirement may be decreased or waived.

The Department has established manufacturing industries as the priority beneficiary of economic development infrastructure funding. However, certain service industries and incubators are eligible to participate in economic development infrastructure projects. Retail firms are not eligible to participate.

The use of CDBG economic development infrastructure funding is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility; 2) is a unique circumstance when private funding is unavailable to address the infrastructure; and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

Missouri Rural Economic Opportunities Infrastructure Grant - Grants for public infrastructure (including facilities if the facility is either publicly or nonprofit owned) for projects intending to facilitate significant transformation of the local economy and the creation or retention of full time permanent employment by a private company benefitting from the infrastructure. The development must be unique to the region and must:

- Include activities that add value to the existing economic circumstances and create jobs and investment, and
- Use existing assets of the local economy and transition those assets in such a manner that creates jobs and investment and
- Add a technological component to an asset of the local economy and
- Include either a federal partnership/participation or university partnership/participation.

CDBG funds are limited to $50,000 per job created, and up to a maximum of $1 million CDBG participation per project. CDBG funds may not be the majority share of funds in the total project costs.

The Department has targeted a 20% match by the community based upon the availability of unencumbered (city or county) funds. This match may be achieved by, but not limited to, tax abatement, discounted utility fees, cash, in-kind or any combination thereof.

The Department has established manufacturing, research, and technology industries as the priority beneficiary of these funds. However, certain service industries and incubators are eligible to participate in a Rural Opportunities Infrastructure project. Retail firms are not eligible to participate.

The use of CDBG funds is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility, 2) is a unique circumstance when private funding is unavailable to address the infrastructure, and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

LMI Job creation/documentation (for Rural Economic Opportunities Grant only):

The method for achieving the required CDBG National Objective benefit for low and moderate income may be accomplished by either: (1) Counting and recording jobs "held by" individuals with household incomes at or below 80 percent of median household income, or (2) Counting and recording jobs "made available to" individuals with household incomes at or below 80

percent of median household income.*

*The acceptable means to accomplish documentation and process for "making jobs available to" LMI persons requires the applicant to establish a relationship with the local career center to list, qualify, and refer LMI persons to the company(s) for application. That relationship shall take place in the form of a letter and concurrence between the parties that establishes the intent of job referral, the process of referral, and the records of those referrals. Evidence of the letter and concurrence and referral records of potential employees must be kept with the project files.

Action Fund - Loans, equity investments, or other type investments may be made to a **private company** for buildings, equipment, working capital, land, and other facilities or improvements in order to cause a project to occur which will result in the creation or retention of full-time permanent employment. Selection shall be determined by the need for assistance through a financial analysis of the company, and the documentation of the public benefit to be derived from the project. **CDBG funds are limited to the lesser of $400,000 per project, 50% of the project costs, and a maximum CDBG cost per job created or retained of $35,000. For start-up companies, CDBG funds are limited to the lesser of $100,000 per project, 30% of the project costs, and a maximum CDBG cost per job created or retained of $25,000.** The interest rate of the loan will to be determined by DED. The term of the loan will be determined by cash flow projections that will allow for the fastest repayment of principal and interest, but not more than 20 years or the depreciable life of the collateral assets. Working capital loans will have a term not to exceed 10 years. Nonprofit, public or quasi-public entities are not eligible to participate in the Action Fund program.

The Department has established manufacturing industries as the priority beneficiary of the Action Fund program. However, certain service industries are eligible to participate in the Action Fund program. Retail firms are not eligible to participate.

Interim Financing (Float) - Loans by grantee to a company for buildings, equipment, working capital, land, and other facilities or improvement where appropriate, in order to cause the creation or retention of a full-time employment. Basis of selection shall be the economic impact of the project and the amount of funds necessary to cause the project to occur. **Loans are limited to 30% of the project costs, $25,000 per job created or retained, or $1 million per project, whichever is less. For start-up companies, loans are limited to 30% of the project costs, $25,000 per job created or retained, or $100,000 per project, whichever is less.** Loans must be secured by a Letter of Credit from a financial institution acceptable to DED or other acceptable collateral. The grantee shall be made aware of the policy of state recapture of program income.

The Department will continue to offer a program that uses CDBG funds that may be already obligated to projects, but not distributed. Such a program puts such funds at an element of risk. The applicant for interim financing programs shall be made aware of the policy for local retention of program income. Activities which may be performed in this program may include, but are not limited to, interim construction financing and other incentives for the creation of jobs, primarily for low and moderate income persons. No more than $10,000,000 per funding year will be obligated, in aggregate, for all float funded projects.

Speculative Industrial Building - Loans by grantee to non-profit development organization for the purpose of development of a shell building. Funds can be used for the purchase of land, the development of on-site infrastructure, the purchase of an existing building and improvements, or the construction of a new building. The maximum funding available is $1 million per project. The term of the loan is a maximum of 60 months, payable in lump sum at the end of the term or when the building is sold or has a long term lease (more than 6 months). The interest rate is 1%. Selection is on a first come basis and will be offered to those applicants who meet the following basis eligibility requirements: 1) the loan must be secured by an irrevocable bank letter of credit for 100% of the loan; 2) permanent financing must be secured and guaranteed after the term of the loan in order to ensure payment should the building not be sold or leased by then; 3) the owner of the building must provide evidence of the ability and resources to adequately market the building; and, 4) the applicant must demonstrate a lack of suitable industrial buildings in the area.

Revolving loan fund/Microenterprise: Loans by a grantee (or multiple grantees) to a business with less than five existing employees (including owners) for up to $25,000 per business, or 70% of the project cost, whichever is lower. Funds may be used for machinery and equipment, working capital, land, and buildings. Loans to more than one company may be included in one grant to a city or county. At least one full-time equivalent job must be created or retained for each $15,000 in loan proceeds with 51% or more to be low and moderate-income persons. RLF for redevelopment purposes may be considered as well, if the proposed RLF is part of a defined redevelopment effort.

Job Training: A grantee may request funds to subcontract with a qualified non-profit or public entity to provide job training to persons who will be or are presently employed by a company (for profit or nonprofit). The funds would be used only for instructors, materials, or related training aids and expenses thereof. The maximum grant per company would be $100,000, or $2,000 per new job created, whichever is less. At least 51% of the new jobs created/retained must be low and moderate-income persons.

Geographic Distribution

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

This report is being written to reflect needs and assets throughout the state; subsequently, the goals articulated in this section are written from the same statewide perspective. MHDC does not allocate HOME funds based on a geographic distribution, but the QAP lays out geographic objectives for allocation of the LIHTC funds. As the state housing finance agency, it is the goal of MHDC to "provide high quality affordable housing with lone-term viability that contributes to the community". The one notable exception to the geographic allocation is the Home Repair Program (HeRO); a portion of the state HOME funds administered by MHDC used exclusively for homeowners in rural Missouri.

The departments of Economic Development and Health & Senior Services do not direct CDBG and HOPWA funding, respectively, on a geographic basis. Funding is based primarily on need.

Rationale for the priorities for allocating investments geographically

From the perspective of MHDC, which is the state housing finance agency, it is difficult to specify target areas across the whole state as we are charged with meeting the needs of all communities in Missouri. The rental production and rehabilitation program takes other priorities into consideration within the state such as: special needs housing, service-enriched housing, preservation and Qualified Census Tracts (QCT). Because MHDC serves the whole state of Missouri, funding is allocated based on the needs of each community.

For the homeowner rehabilitation program, MHDC allocates its funds to the non-entitlement areas of the state because these communities do not have the federal funds that our metropolitan areas have.

Discussion

Missouri's Consolidated Plan is written to reflect the housing, homelessness, economic development, and HIV/AIDS needs of the whole state. Because of this, the geographic areas are broad and all-encompassing because the state agencies are charged with meeting those

needs of the non-entitlement areas. Some of the programs, such as HOME and ESG are also able to invest in metropolitan areas of the state.

Affordable Housing

Introduction

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the Missouri Housing Trust Fund and the Emergency Solutions Grant. As such, annual allocations are made in accordance with the Qualified Allocation Plan.

One year goals for the number of households to be supported

Homeless: 150 households per year

Non-Homeless: 170 households per year

Special Needs: 180 households to be supported per year

TOTAL: 500

One year goals for the number of households supported through:

Rental Assistance: 0

The production of new units: 50 units

Rehab of existing units: 86 units

Acquisition of existing units: 34 units

TOTAL: 170

Discussion

The Homelessness goals incorporate the information from the overnight shelter numbers. It is the goal in Missouri to continue shelter diversion, in which emergency shelters will no longer be a need. In addition, the need for transitional housing will decrease, however, recognizing the

need for certain populations. Special Needs housing units will be targeted at 180 units per year.

Public Housing

Introduction

As the state housing finance agency, MHDC does not manage or oversee funds to any of the 100+ Public Housing Authorities throughout the state. We will continue to work with the Public Housing Authorities to house Missouri's low-income households to the extent that our HOME Funds allow. MHDC acts as the Performance Based Contract Administrator for the state; the questions below are answered only from the perspective of those properties.

Actions planned during the next year to address the needs to public housing

MHDC does not own or operate assisted housing units directly. MHDC is committed to working with the PHAs throughout the state, ensuring that the needs of the residents are met.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

MHDC does not own or operate assisted housing units directly.

For those PBCA properties within our portfolio, MHDC’s Resident Relations department acts as a liaison between the residents and management companies. As liaison MHDC staff encourages communication between all interested parties to ensure that resident input is considered and access to management is improved. A toll-free hotline number of posted at all PBCA properties for resident use in cases where an issue is not resolved in a timely manner. MHDC staff provides follow up to make certain issues are resolved.

If the PHA is designated as troubled, manner in which financial assistance will be provided or other assistance

MHDC does not own or operate assisted housing units directly. MHDC is committed to working with the PHAs throughout the state, ensuring that the needs of the residents are met.

Discussion

As the state housing finance agency, MHDC does not manage or oversee funds to any of the 100+ Public Housing Authorities throughout the state. We will continue to work with the Public Housing Authorities to house Missouri's low-income households to the extent that our HOME Funds allow. MHDC acts as the Performance Based Contract Administrator for the state; the questions below are answered only from the perspective of those properties.

Homeless and Other Special Needs Activities

Introduction

MHDC has a Community Initiatives Department which is tasked with drastically reducing and ultimately ending homelessness in Missouri. As a state housing finance agency, MHDC Community Initiatives Department administers the Missouri Housing Trust Fund, Emergency Solutions Grant program, BoS CoC, Housing First program, HMIS funding, Disaster Relief Funding, homeless study, and Special Needs Housing priority through LIHTC. Oversight from one department for the majority of the homeless assistance programs throughout Missouri allows targeting of funds, consistency of program goals and policies and ultimately, helps end homelessness in Missouri.

One-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Missouri will continue to conduct two unsheltered PITCs per year to assess the need of our unsheltered individuals. When conducting the PITC, street outreach and needs assessments will be conducted. The PITC is conducted by county leaders.

Addressing the emergency shelter and transitional housing needs of homeless persons

Missouri recognizes the need for Transitional Housing for certain populations. Missouri will continue to work towards shelter diversion, eventually eliminating the need for emergency shelter. Fifty units of Transitional Housing will continue to be created every year in Missouri. Emergency Shelters will be eliminated by 2023.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individual

and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Throughout the state of Missouri, emergency shelter is intended to be eliminated and replaced with rapid re-housing by the year 2023. Transitional Housing will continue to be a priority in Missouri for certain populations, creating 50 new beds per year. The populations of chronically homeless, families with children, veterans and unaccompanied youth are all listed in the MHDC's Qualified Allocation Plan for permanent affordable housing. MHDC will created 180 units of special needs housing per year.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

It is the intent of the Missouri Discharge Policy (adopted by the GCEH in December of 2011) to ensure that all individuals discharged from a state or public facility are discharged into permanent housing; if such housing is not available, plans to place the individual in temporary or emergency shelter must be made prior to discharge. "Every effort must be made through careful discharge planning to work with the client and area resources to seek adequate, permanent housing. In no instance should a person be discharged from a state or public facility with directions to seek housing or shelter in an emergency shelter without having first made every effort to secure permanent housing."

Discussion

Because of MHDC's continued involvement in efforts across the state to end homelessness, we are able to prioritize funds and foster state-wide cooperation. Statewide PITCs increase the knowledge on the state of homelessness in Missouri, and efforts such as the statewide discharge policy and the special needs housing priority actively work to keep those most vulnerable safely housed.

HOPWA Goals

One year goals for the number of households to be provided housing through the use of HOPWA for:

- Short-term rent, mortgage, and utility assistance payments – 110
- Tenant-based rental assistance – 125
- Total - 235

Barriers to Affordable Housing

Introduction

Noted barriers – low AMI, limited funding for affordable home ownership programs, limited funding for affordable housing production, and limited funding for the Missouri Housing Trust Fund – will continue to define MHDC's priorities, programs and areas for improvement over the course of the next year. To the extent that it is possible, strategies for overcoming these obstacles should act as the impetus for changes in the QAP process, HOME allocations and the Missouri Housing Trust Fund programs.

Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing

MHDC will work with the Missouri Congressional delegation and the National Council of State Housing Agencies and the U.S. Congress to improve the Low Income Housing Tax Credit Program by making it more equitable and workable in low income rural communities in Missouri. Using a statewide average median income for determining eligibility for the LIHTC program expands the number of working families and seniors who would qualify to live in a LIHTC unit. This simple programmatic change would keep vacancy rates low in LIHTC developments in some rural communities and help more families benefit from the affordable rents provided by LIHTC apartments.

MHDC has a state LIHTC to augment the federal LIHTC and generate additional equity, lower rents and finance higher quality housing with more amenities for low-income families and seniors. However, due to state budgetary constraints there have been and will continue to be efforts to reduce, reform or eliminate the state LIHTC. MHDC will continue to work with legislators, state elected officials and the Missouri Tax Credit Review Commission to make the credit more efficient and to make sure the state realizes the full benefits from the economic activity and community revitalization that the LIHTC provides.

MHDC will continue to work with state policy makers and its public and private sector partners to remove or ameliorate these and other barriers to affordable housing as they are identified and we will strive to leverage any additional public or private resources that can help alleviate the tremendous need for affordable rental housing, homeownership and homeless assistance and prevention.

Discussion

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the Missouri Housing Trust Fund and the Emergency Solutions Grant. As such, annual allocations are made in accordance with the Qualified Allocation Plan. The programs outlined below represent MHDC's goals for the next year in terms of production, preservation, homeless prevention and housing assistance.

Program Specific Requirements

Introduction

The Program Specific Requirements section looks at how MHDC, the Department of Economic Development and the Department of Health and Human Services administer the statewide federal funds.

HOME Investment Partnership Program (HOME)

1. **A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**
   MHDC does not utilize its HOME funds for any forms of investment outside of those listed in Section 92.205
2. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**
   MHDC does not currently use its HOME funds to refinance existing debt.

Emergency Solutions Grant (ESG)

1. **Written standards for providing ESG assistance:**

   Grantees/sub-grantees must develop and implement written standards that must include:

- Standard policies and procedures for evaluating individuals' and families' eligibility for assistance.
- Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.
- Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families will receive rapid re-housing assistance.
- Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid re-housing assistance.
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance.
- If funding essential services related to street outreach; standards for targeting and providing these services.
- If funding any emergency shelter activities; policies and procedures for admission, diversion, referral and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations and persons with the highest barriers to housing.
- If the grantee's CoC, or a portion of their CoC, currently has a centralized or coordinated assessment system and the grantee or any sub-grantees utilize the centralized or coordinated assessment system, the recipient must describe the assessment system and how they will participate.

2. If the Continuum of care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized of coordinated assessment system

All Missouri CoC's are in the process of establishing a coordinated intake system for their CoC. The Balance of State Continuum of Care is working on establishing the best coordinated intake system for a large rural CoC. Missouri utilizes the United Way 2-1-1 system and it will be a part of the coordinated intake strategy.

3. **Process for making sub-awards to private nonprofit organizations (including community and faith-based organizations)**

   The Department of Social Services sub-contracts the state ESG funds to MHDC. MHDC has a competitive application process in which units of local government and nonprofit organizations can apply for funds. The first right of refusal is given to units of local government and if they are refused nonprofit agencies are able to apply directly to MHDC for funding. The state of Missouri allocation is also available at a capped amount to other ESG entitlement communities in the state. It is the intent of MHDC to establish an ESG advisory committee to review these items.

4. **If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG**

   The state of Missouri and MHDC meet the homeless participation requirement 24 CFR 576.405(a).

5. **Performance standards for evaluating ESG**

   As stated in the HEARTH Act the ESG and CoC programs must collaborate on the creation of performance standards. The ESG program is working to align its performance standards with each Missouri CoC as they are developed.

Discussion

The process of writing the 2013 Consolidated Plan shed light on some of the on-going housing issues in the state of Missouri. The data examined throughout the report reflects the most pressing housing need for Missouri's low and moderate income households; the availability of more affordable housing units. 2012 data from The Center for Housing Policy states that "for all households, including homeowners…housing and transportation together consumed an average of 48% of a households' income." That same data compared the rise in housing costs to the rise in income by metropolitan area and found that in the St. Louis MSA, incomes rose 22% (2000-2010) while housing and transportation costs rose by 39%; housing costs were responsible for more than ½ of that 39% rise. Data from the Joint Center for Housing Studies at Harvard University, "The State of the Nation's Housing 2012" suggests that the number of households considered severely burdened (paying more than 50% of household income towards housing) continues to rise – "Between 2001 and 2010, the number of severely

burdened households climbed by a staggering 6.4 million." The data throughout this report supports the idea that more people are paying more of their income towards housing; precipitating a need for more affordable housing throughout the state.

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